

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2725 - SB 3748**

March 1, 2010

**SUMMARY OF BILL:** Authorizes the creation of health benefit purchasing cooperatives that may be incorporated as a nonprofit corporation. Each health benefit purchasing cooperative has to file its membership criteria and amendments with the Department of Commerce and Insurance. Each health benefit purchasing cooperative must submit an annual report by February 1 each year with the Speakers of the Senate and House of Representatives and a final report within one year of the end of the term of the contract. The Commissioner of Commerce and Insurance shall designate the five geographic regions in which health benefit purchasing cooperatives may be organized. Requires the Commissioner of Commerce and Insurance to appoint a health benefit purchasing cooperative committee to recommend the form and level of coverage to be made available by health benefit purchasing cooperatives. The committee must study the effectiveness of the cooperatives program and recommend further improvements to achieve stability, accessibility, and affordability in the marketplace every two years for a period of ten years and submit the recommendations and study results to the Commissioner of Commerce and Insurance, the Speakers of the Senate and the House of Representatives, the Senate Commerce, Labor, and Agriculture Committee, and the House Commerce Committee. Establishes requirements for the health plans that will be offered by the health benefit purchasing cooperatives.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$3,500**

Assumptions:

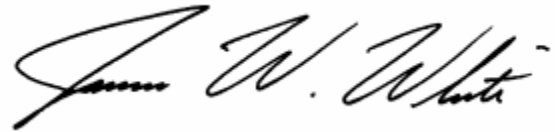
- The committee created by the proposed legislation will be a fair representation of risk-assuming carriers and reinsuring carriers, the insurance agent communities, consumers who are to be served by plans covered by the health benefit purchasing cooperative, and three representatives from the health care profession who are licensed to practice medicine. The proposed legislation does not establish a specific number of members to serve on the committee nor does it establish any type of compensation or travel reimbursement that the members may receive.
- It is assumed that there will be at least three individuals appoint to the committee from each represented group resulting in a total of 12 members on the committee. All meetings will be held in Nashville and all members of the committee will be from the Middle Tennessee area. The committee will meet at least quarterly and each member will receive per diem of \$49.50 for each meeting day and receive \$23 (50 miles round

trip x \$.46 per mile) in travel reimbursement. Compensation and travel reimbursement are estimated to increase state expenditures by an amount exceeding \$3,480 [(\$49.50 + \$23) x 12 members x 4 meetings per year].

- The Department of Commerce and Insurance will be responsible for establishing the committee created by the provisions of the bill to establish the standards for levels of coverage which would be made available to members of a cooperative. Any cost associated with providing administrative support to the committee is estimated to be not significant.
- Any cost incurred to report to the General Assembly and the Governor will not be significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.
- Any cost incurred by the Department to review and approve the policies filed by the cooperatives to ensure compliance will not be significant.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml